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Message Text

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51
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TO USLO PEKING
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E.O. 11652: N/A
TAGS: EAGR, ETRD, CH
SUBJECT: "FOREIGN AGRICULTURE" ARTICLE ON PRC GRAIN IMPORTS
REF: PEKING 1638

1. FOLLOWING IS TEXT OF ARTICLE IN DECCMBER 17 OF "FOREIGN AGRICULTURE" BY FREDERICK W. CROOK, FOREIGN DEMAND AND COMPETITION DIVISION, ECONOMIC RESEARCH, USDA, ENTITLED "PRC'S LATE CROPS GOOD--BUT IMPORTS SEEN HIGH".

2. LATE GRAIN HARVESTS IN THE PEOPLE'S REPUBLIC OF CHINA COULD BE AS GOOD AS THE "BUMPER" EARLY CROPS REPORTED IN A AUGUST, ACCORDING TO SCATTERED REPORTS NOW COMING IN FROM A NUMBER OF CHINESE PROVINCES AND DISTRICTS. DEMAND FOR GRAIN AND OTHER COMMODITIES IS EXPECTED TO KEEP IMPORTS UP, HOWEVER, WITH IMPORTS FROM THE UNITED STATES ESTIMATED AS HIGH AS $1 BILLION IN 1973-74.

3. GRAIN PRODUCTION THIS YEAR IS EXPECTED TO BE IN THE SAME RANGE AS 1971'S 220-230 MILLION TONS, 10 MILLION
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TONS MORE THAN IN 1972. (PRC OFFICIALS CLAIM A RECORD HARVEST THIS YEAR OF 250 MILLION TONS OF GRAIN. BOTH OFFICIAL AND ERS ESTIMATES DEFINE GRAIN AS WHEAT, PADDY RICE, MISCELLANEOUS GRAIN, AND TUBERS (CONVERTED TO A

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GRAIN EQUIVALENT BASIS AT A RATIO OF FOUR UNITS OF TUBERS TO 1 OF GRAIN). MISCELLANEOUS GRAINS INCLUDE BARLEY,

BUCKWHEAT, CORN, MILLET, OATS, PULSES, RYE, AND SORGHUM. AN EXTRACTION RATE OF 68 PERCENT IS USED TO REDUCE PADDY RICE TO A MILLED BASIS.) FAVORABLE WEATHER CONDITIONS, INCREASED INPUTS, AND BETTER ORGANIZATION PROBABLY WILL ALSO IMPROVE THE OUTPUT OF OILSEED, COTTON, AND TOBACCO CROPS, COMPARED WITH 1972 PRODUCTION. THE PRODUCTION OF MOST OILSEED CROPS AND COTTON, HOWEVER, IS STILL JUDGED TO BE BELOW RECORD LEVELS. LIVESTOCK NUMBERS ARE BELIEVED TO HAVE INCREASED MODESTLY AGAIN THIS YEAR.

4. GRAIN PRODUCTION THIS YEAR IS ESTIMATED TO INCLUDE APPROXIMATELY 27 MILLION TONS OF WHEAT, 103 MILLION TONS OF PADDY RICE, 71 MILLION TONS OF MISCELLANEOUS GRAINS, AND 26 MILLION TONS OF TUBERS (GRAIN EQUIVALENT).

5. THIS PAST AUGUST THE PRC REPORTED **RVESTING A BUMPER CROP OF EARLY GRAINS. THESE GRAINS, WHICH ACCOUNT FOR ONE-THIRD OF CHINA'S TOTAL GRAIN HARVEST, INCLUDE EARLY RICE, WINTER AND SPRING WHEAT, BARLEY, AND PULSES. LATE GRAINS, WHICH ACCOUNT FOR THE OTHER TWO-THIRDS, INCLUDE INTERMEDIATE AND LATE RICE, MISCELLANEOUS GRAINS, AND TUBERS. MOST OF THESE CROPS WERE HARVESTED BY THE END OF NOVEMBER. NO NATIONAL REPORTS HAVE BEEN RECEIVED, BUT PROVINCIAL AND DISTRICT REPORTS INDICATE EXCELLENT HARVESTS.

6. A NUMBER OF IMPORTANT WINTER WHEAT PROVINCES REPORTED THIS AUTUMN THAT THE AREA SOWN TO WHEAT HAD BEEN INCREASED. GOO SOIL MOISTURE CONDITIONS RESULTED FROM ABOVE-NORMAL AUTUMN PRECIPITATION IN THE PRINCIPAL GROWING AREAS. THE CURRENT OUTLOOK FOR THE CROP TO BE HARVESTED NEXT SPRING IS GOOD.

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7. OILSEED PRODUCTION (SOYBEANS, PEANUTS, COTTONSEED, AND RAPESEED), IS CALCULATED TO HAVE HIT A PEAK IN 1970 OF 13.8 MILLION TONS, DECLINED IN 1971 TO 13.3 MILLION TONS, AND IN 1972 DECREASED FURTHER TO 12.5 MILLION TONS BECAUSE OF DROUGHT IN NORTH AND CENTRAL CHINA AND HEAVY RAINS IN NORTHEAST CHINA.

8. ACREAGES OF SOYBEANS, PEANUTS, AND COTTON ARE THOUGHT TO HAVE DECLINED THIS YEAR, ALTHOUGH AN INCREASE WAS REGISTERED FOR RAPESEED- THE RAPESEED CROP HAS NOW BEEN HARVESTED AND REPORTS INDICATE PRODUCTION WAS GREATER THAN LAST YEAR'S ESTIMATED 1 MILLION TONS. PRODUCTION OF THE OTHER CROPS SHOULD BRING TOTAL OILSEED

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OUTPUT CLOSE TO THE 1971 LEVEL.

9. COTTON FIELDS IN MOST AREAS WERE HARVESTED BY THE MIDDLE OF NOVEMBER, BUT A NATIONAL REPORT HAS NOT YET BEEN RELEASED. AREA SOWN TO COTTON IS BELIEVED TO HAVE DECLINED SLIGHTLY. YIELDS THIS YEAR ARE THOUGHT TO BE BETTER THAN LAST YEAR BECAUSE OF MORE FAVORABLE WEATHER CONDITIONS. PRODUCTION FOR 1973 IS ESTIMATED AT 7 MILLION BALES.

10. LIVESTOCK PRODUCTION IS JUDGED TO HAVE REGISTERED ONLY MODEST GAINS IN 1973. DROUGHTS LAST YEAR REDUCED FODDER FOR SHEEP, CATTLE, AND GOATS IN THE PASTURELAND AREAS IN THE NORTHWEST, AS WELL AS FOR HOGS, DRAFT ANIMALS, AND POULTRY IN THE CULTIVATED AREAS OF CHINA. THE NUMBER OF HOGS IS THOUGHT TO HAVE INCREASED AGAIN THIS YEAR AND THE TOTAL NOW MAY EXCEED 200 MILLION.

11. IN SPITE OF APPARENTLY GOOD DOMESTIC PRODUCTION THIS YEAR, CHINA'S DEMAND FOR GRAIN, OILSEEDS, AND COTTON IS STRONG PRIMARILY BECAUSE OF THE NEED TO BUILD STOCKS AFTER LOW PRODUCTION OF THESE CROPS LAST YEAR, POPULATION INCREASES OF 15-20 MILLION ANNUALLY, AND PERHAPS BECAUSE OF INCREASED LIVESTOCK NUMBERS.

12. CHINA IMPORTED ABOUT 6.3 MILLION TONS OF GRAIN IN 1972-73, INCLUDING ABOUT 5.4 MILLION TONS OF WHEAT AND 900,000 TONS OF CORN.

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13. IN 1973-74 CHINA IS EXPECTED TO IMPORT ABOUT 9 MILLION TONS OF GRAIN, INCLUDING 6.5 MILLION TONS OF WHEAT. OF THIS, ALMOST 4 MILLION WOULD COME FROM THE UNITED STATES, 1.5 MILLION FROM CANADA, AND 1 MILLION TONS FROM AWSTRALIA. SOME 2.5-3 MILLION TONS OF FEEDGRAINS, MAINLY CORN, WOULD ALSO BE IMPORTED FROM THE UNITED STATES.

14. CHINA RECENTLY SIGNED LONG-TERM WHEAT AGREEMENTS WITH CANADA AND AUSTRALIA FOR CALENDAR 1974, 1975, AND 1976. FOR THESE YEARS AUSTRALIA HAS AGREED TO SHIP A TOTAL OF 4.7 MILLION TONS AND CANADA HAS CONTRACTED TO SEND BETWEEN 4.9 AND 6.1 MILLION TONS. US GRAIN COMPANIES HAVE COMMITMENTS TO DELIVER WHEAT TO CHINA EXTENDING ONLY THROUGH JUNE 1974.

15. CHINA EXPORTED ABOUT 745,000 TONS OF RICE IN 1971 AND 800,000 TONS IN 1972. CHINA'S RICE EXPORTS THIS YEAR ARE EXPECTED TO BE ABOUT 900,000 TONS.

16. THE PRC IS APPARENTLY CONTINUING IN 1973-74 A TREND BEGUN IN FISCAL 1971 WHEN IT MOVED FROM BEING A NET EX-

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PORTER OF VEGETABLE OSL (AND SEEDS) TO A NET IMPORTER IN

FISCAL 1972. IN 1972-73 THE UNITED STATES SOLD TO THE PRC 33,000 TONS OF SOYBEANS AND 61,000 TONS OF SOYBEAN OIL VALUED TOGETHER AT $27 MILLION. IN 1973-74 ANTICIPATED US SOYBEAN EXPORTS TO CHINA AMOUNT TO 905,000 TONS.

17. IN THE 1972-73 MARKETING YEAR, COTTON-PRODUCING COUNTRIES EXPORTED AN ESTIMATED 1.6 MILLION BALES OF COTTON TO CHINA, OF WHICH 587,000 WERE FROM THE UNITED STATES. IN THE CURRENT MARKETING YEAR, CHINA IS EXPECED TO PURCHASE MORE THAN 1 MILLION BALES. AS OF NOVEMBER 25, 1973, EXPORT REGISTRATIONS OF US COTTON MOVING TO CHINA TOTALLED 881,000 BALES (480 LB. NET).

18. ALL TOLD, THE UNITED STATES EXPORTED MORE THAN $200 MILLION WORTH OF AGRICULTURAL PRODUCTS TO THE PRC IN 1972-73 AND IMPORTED AGRICULTURAL AND NONAGRICULTURAL PRODUCTS FROM THE PRC TOTALING $45.5 MILLION. US AGRICULTURAL EX-

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PORTS TO THE PRC THIS FISCAL YEAR COULD BE 4 TO 5 TIMES GATER THAN LAST YEAR, HITTING A RECORD $1 BILLION.

19. CHINA ALREADY HAS PURCHASED AUSTRALIAN AND CANADIAN WHEAT AND US COTTON FOR 1974-75 DELIVERY. CHINESE TRADING CORPORATIONS ARE EXPECTED TO BE IN THE MARKET FOR 1974-75 DELIVERY OF ADDITIONAL WHEAT AND COTTON, AND FOR QUANTITIES OF OIL, OILSEEDS, AND CORN. (END TEXT.)

20. SLO MAY WISH TO SUBSCRIBE TO "FOREIGN AGRICULTURE". IT IS AVAILABLE FOR $20.00 PER ANNUM FROM SUPERINTENDENT OF DOCUMENTS, GPO, WASHINGTON, D.C. 20402. KISSINGER

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